GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA

UNSTARRED QUESTION NO:1981
ANSWERED ON:13.12.2004
CREATION OF OILSEEDS AND VEGETABLE OIL PROJECT FUND BY NDDB
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Will the Minister of AGRICULTURE be pleased to state:

(a) the objective for creating Oilseeds and Vegetable Oil Project Fund (OVOP) by the National Dairy Development Board (NDDB) through monetisation of commodities donated by bilateral agencies; and

(b) the details of the purpose of NDDB in transferring a sum of Rs.689.46 crore of the OVOP fund to the general reserve and Rs.235.73 crores to provision of contingencies?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI KANTI LAL BHURIA)

(a): The main objective for creating Oilseed and Vegetable Oil Project (OVOP) by the NDDB was to restructure the production and marketing systems through integrated modernization of cultivation, processing and marketing of vegetable oil and oilseed by- product.

(b): The funds were transferred to contingency fund and the general reserve of the General fund of NDDB mainly due to the following reasons:-

i) The loans to Oil Unions were not being repaid by the cooperative unions and NDDB was required to make a provision for contingencies as per RBI prudential norms for Income recognition and provisioning applicable to Public Financial Institutions (PFI).

ii) The oilseeds and vegetable oil project had come to close and therefore in accordance with NDDB regulations, the monies in the oilseeds and vegetable oil project were transferred to the General Fund to NDDB in balance sheet with the approval of the Board. A substantial part of the funds transferred to the General Reserve of the General Fund of NDDB had already been utilized but had not been reduced from the oil project fund account. The balance amount had already been earmarked for projects in accordance with the Donor Agreement.